

# **Tools and Incentives for Green Diesel Technology: Lower Emissions, Higher Profits**

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# Industry Overview

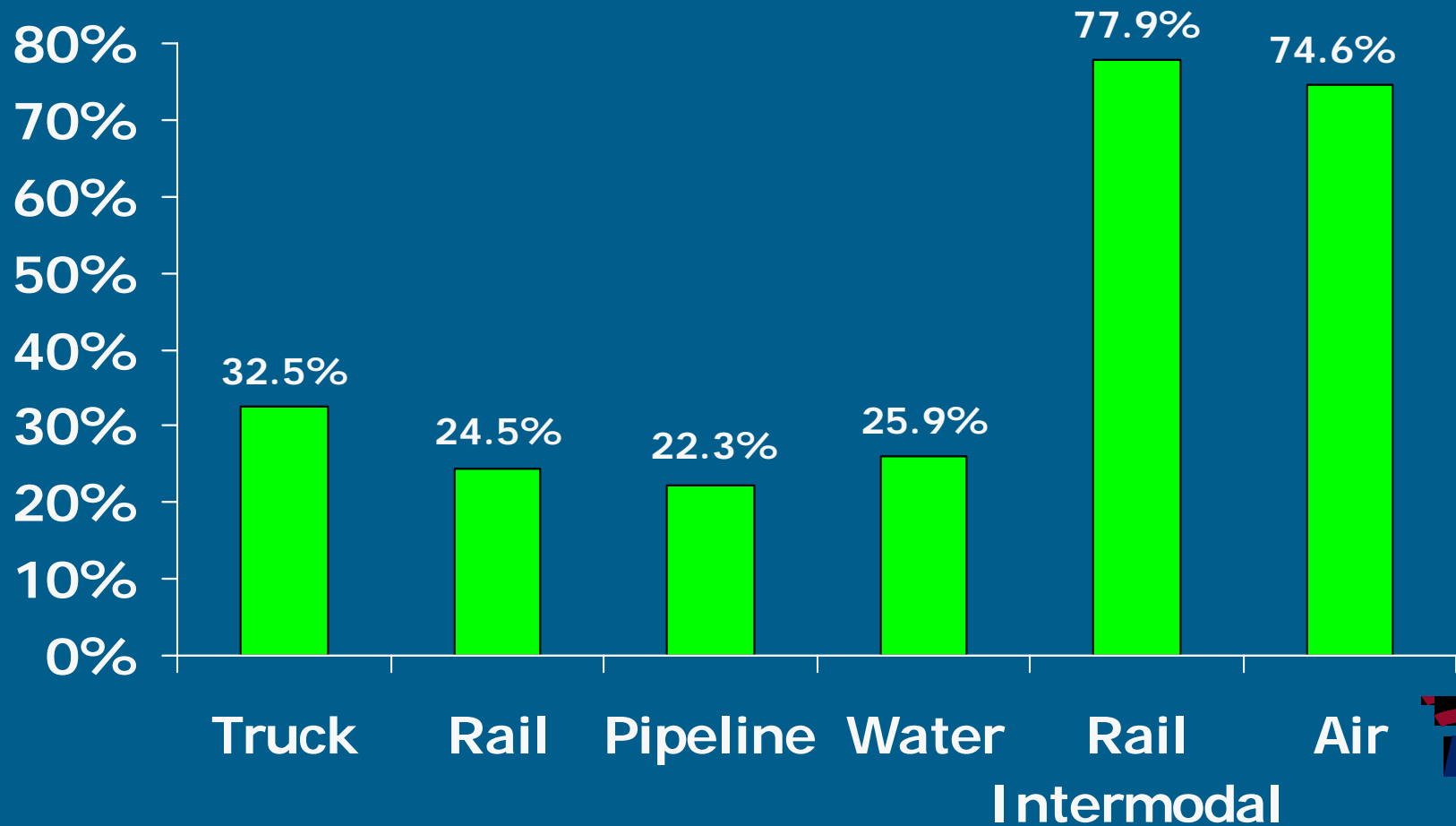
# ATA's 37,000+ Members

- ❑ **Trucking Companies and Industry Suppliers**
- ❑ **50 State Trucking Associations**
- ❑ **Affiliated Organizations**
  - ❑ Agriculture & Food Transporters Conference
  - ❑ Automobile Carriers Conference
  - ❑ Intermodal Motor Carriers Conference
  - ❑ Distribution & LTL Carriers Association
  - ❑ Truckload Carriers Association
  - ❑ National Tank Truck Carriers Association
- ❑ **Councils**
  - ❑ National Accounting & Finance Council
  - ❑ Safety & Loss Prevention Management Council
  - ❑ Technology & Maintenance Council

# Significance of the Industry

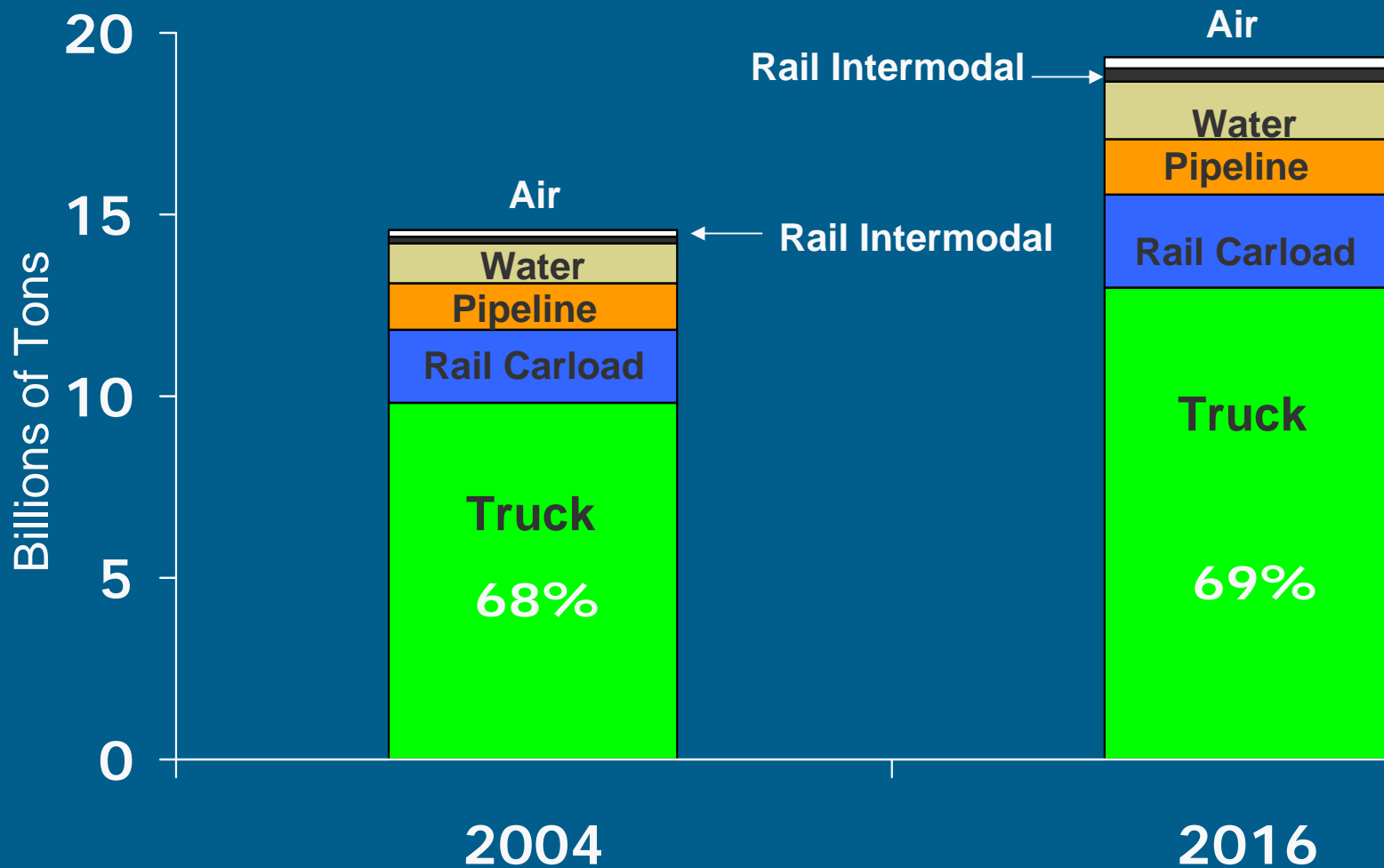
- ❑ In 2004, trucking earned 88% of the total revenue generated by all modes of freight transportation and hauled 68% of total freight tonnage.
- ❑ At the beginning of January 2006, there were more than 600,000 U.S. interstate motor carriers on file with the FMCSA.
- ❑ \$32.8 billion was paid by commercial trucks in federal and state highway-user taxes in 2004.

# Projected Growth in Freight Transportation Tonnage: 2004 to 2016



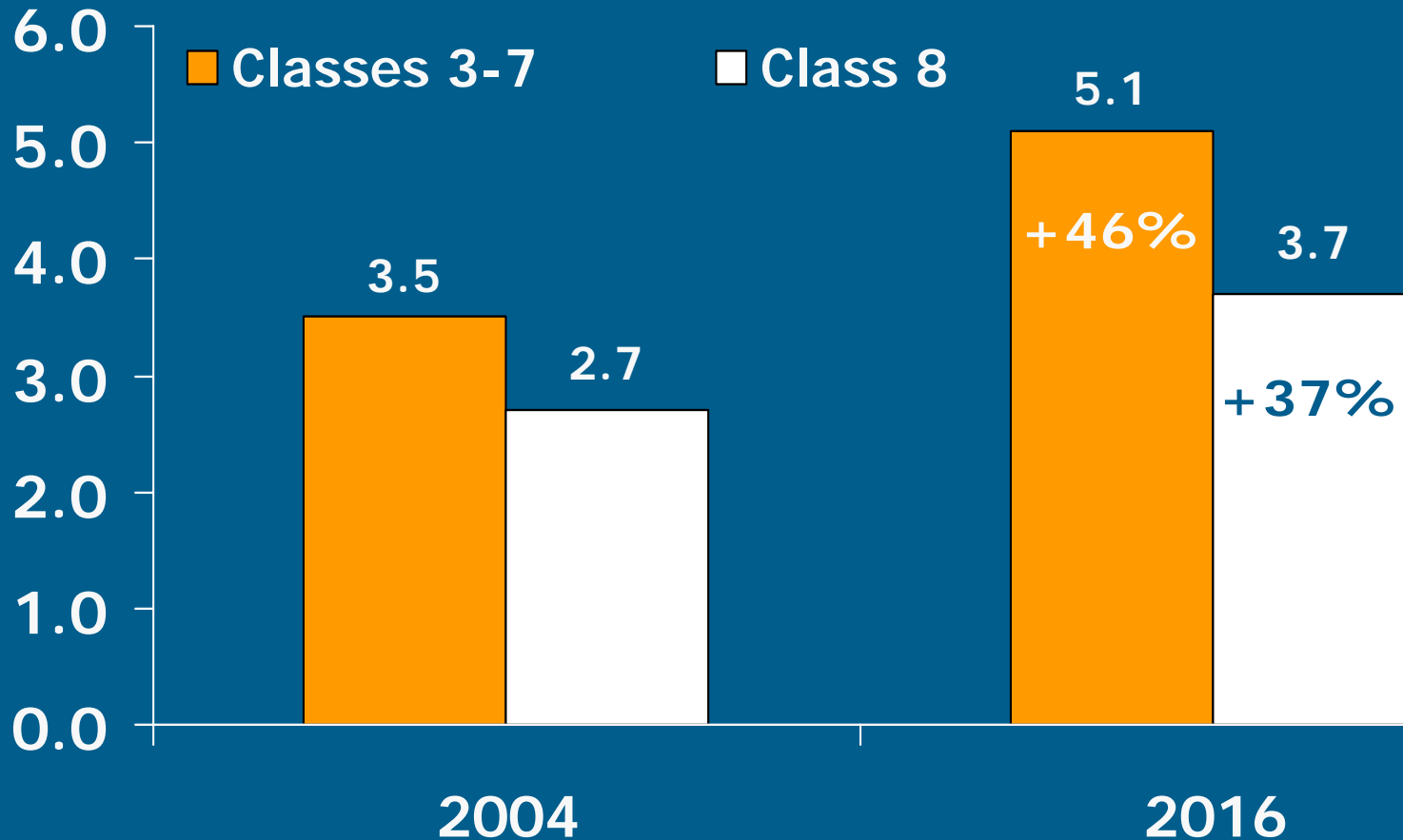
Source: U.S. Freight Transportation Forecast to...2016

# Projected Growth in Freight Transportation Tonnage: 2004 to 2016



# Commercial Truck Population Growth

Total Increase from 2004 to 2016; Millions of Trucks

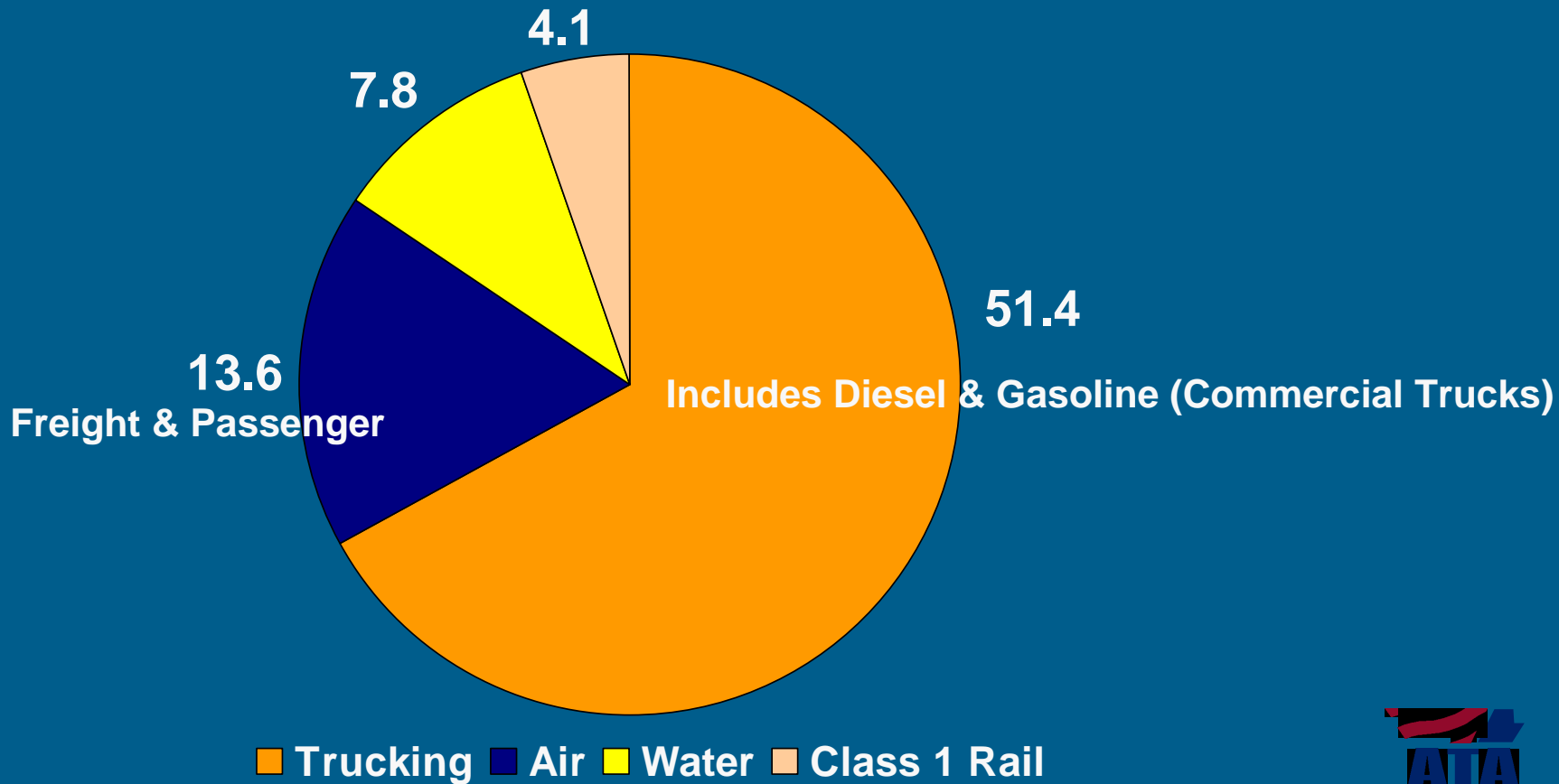


Sources: U.S. Freight Transportation Forecast to...2016 & ATA

# Economic Challenges

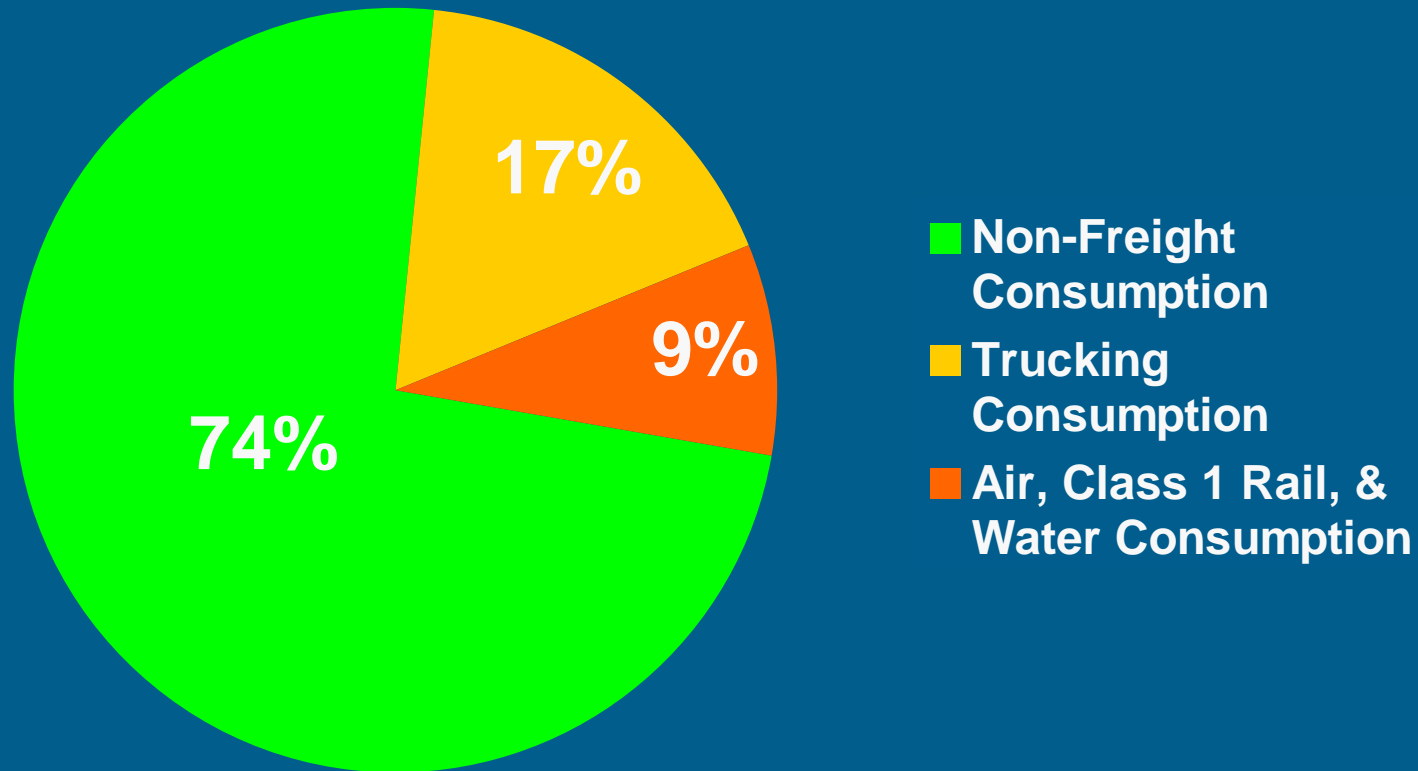


# Fuel Consumption by Transportation Mode (2004: Billions of Gallons)



Sources: U.S. Department of Transportation, Bureau of Transportation Statistics & ATA

# 2004 Total U.S. Petroleum Consumption



Sources: U.S. Department of Energy & ATA

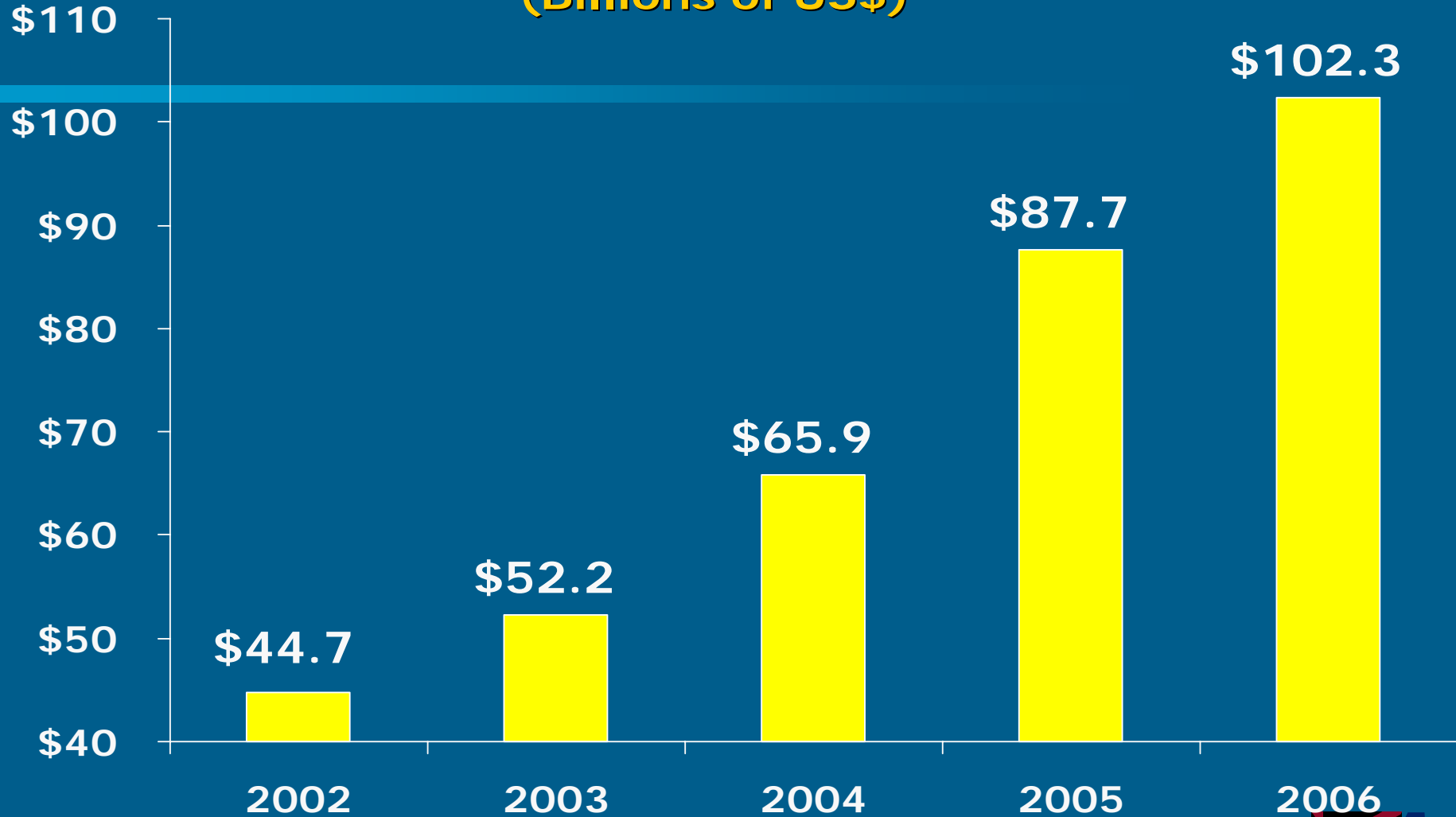
# National On-Highway Average Diesel Fuel Price (\$/Gallon)



Sources: Department of Energy & ATA

# Trucking's Annual Cost for Diesel

(Billions of US\$)

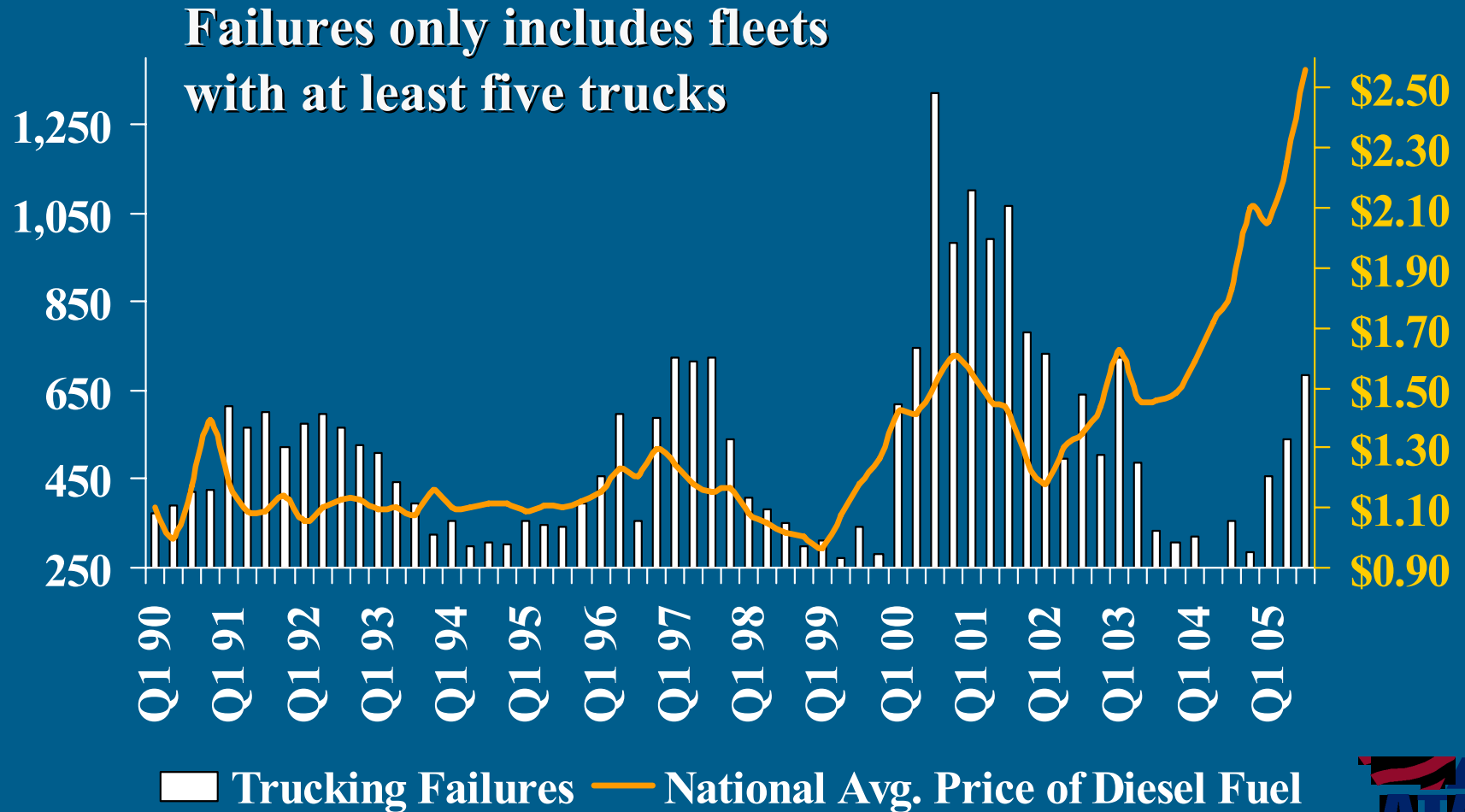


Source: ATA

# Ability to Pay

- ❑ Companies vary widely in size and revenues
- ❑ 87% operate 6 or fewer trucks
- ❑ 96% operate 20 or fewer trucks  
(characterized as small businesses)
- ❑ Overall operation costs continue to rise
- ❑ The smaller you are, the more difficult it is to devote capital towards “greening” your fleet
- ❑ Hard just to stay in business

# Trucking Failures vs. the Price of Diesel Fuel



Sources: A.G. Edwards & ATA

# Ability to Pay

- ❑ Small trucking companies typically own older trucks with low residual values
- ❑ Not prudent to make capital investments in old equipment with little useful life left
- ❑ Scrappage programs not always beneficial since costs of a newer truck are not affordable (*i.e.*, insurance, taxes, loan payments, lower fuel economy, etc.)

# Opportunities



# Why Trucking Companies Have Become More Green?

- ❑ Improve public image of trucking
- ❑ Reduce emissions / GHG's
- ❑ Conserve fuel / increase profits
- ❑ Lessen dependence on foreign oil
- ❑ Reduce noise
- ❑ It's the right thing to do!

# Reduce Idling

## Reduce Idling:

- ❑ Idling trucks are unproductive trucks in most instances.
- ❑ 500,000 - 1,000,000 trucks idle for extended periods
- ❑ Truck idling consumes 960 million gallons of diesel fuel/year at a cost of \$2.9 billion



# Participate in Voluntary SmartWay Transport Partnership

- ❑ 313 truck carriers
- ❑ 33 shippers
- ❑ 7 shipper carriers
- ❑ 35 logistic companies
- ❑ 54 affiliate members



# Advance Driver “Technologies”

Provide incentives through programs to encourage idle reduction where appropriate.

## Positive:

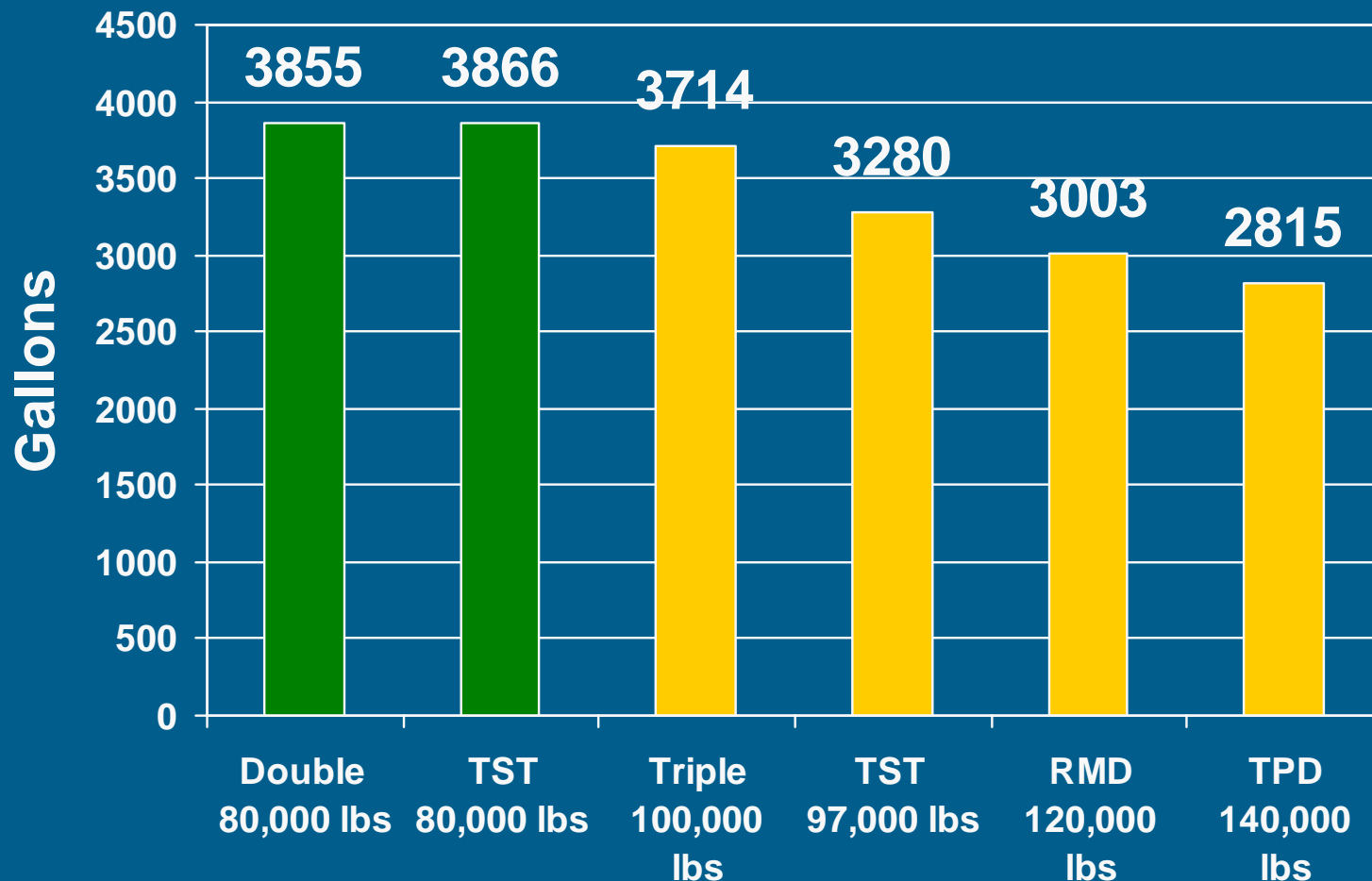
- ❑ Low Cost
- ❑ Drivers have an option to participate
- ❑ Additional pay for drivers
- ❑ Reinforces correct behavior

## Negative:

- ❑ Complex, difficult to manage
- ❑ Requires engine recording
- ❑ Negative driver perception
- ❑ Does not eliminate idling

# Advocate for Higher Productivity Trucks

## Fuel Used to Deliver 1,000 Tons 500 Miles



# Begin Industry Dialogue on How to Advance Efficiencies

- ❑ Wide-based tires and fuel efficient singles
- ❑ Tire rating system
- ❑ Aerodynamic packages
- ❑ Federal excise taxes
- ❑ Ensuring government regulations do not further impede fuel economy

# Advance Efficiencies (cont'd)

- ❑ Installation of energy conservation equipment at OEM level
- ❑ Fuel economy test protocol updates
- ❑ Main engine efficiency gains
- ❑ Investigate gambit of fuel formulations
- ❑ National anti-idling law
- ❑ Speed governing
- ❑ Registry of devices/fuels and results

# How Do We Move Ahead?

## Government Support:

- ❑ Federal legislation to provide incentives
- ❑ Weight exemption for idling technologies
- ❑ Support for R&D
- ❑ State/local financing
- ❑ SmartWay
- ❑ EPA model law

## Industry Support:

- ❑ Driver education
- ❑ Cost effective, integrated solutions
- ❑ Grant demonstration projects
- ❑ Independent research



# Thank You

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